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Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 IO-10 ISO-00 EB-07 AID-05 OPIC-03 XMB-02

TRSE-00 CIAE-00 INR-07 NSAE-00 SS-15 NSC-05 OMB-01

CIEP-01 CEA-01 SP-02 IGA-01 PA-01 PRS-01 USIA-06 /087 W
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P R 031537Z NOV 75
FM AMEMBASSY LUSAKA
TO SECSTATE WASHDC PRIORITY 2337
INFO AMEMBASSY PRETORIA
AMEMBASSY KINSHASA
AMEMBASSY DAR ES SALAAM
AMEMBASSY LONDON
USMISSION USUN NY

C O N F I D E N T I A L LUSAKA 2142

EO 11652: GDS
TAGS: EFIN, EGEN, ZA
SUBJECT: ZAMBIAN ECONOMIC MISSION TO US

REF: LUSAKA 2123

1. HUMPHREY MULEMBA, CHAIRMAN OF ECONOMIC AND FINANCE SUB-COMMITTEE OF THE CENTRAL COMMITTEE SUMMONED ME TO FREEDOM HOUSE OCTOBER 31 FOR TWO-HOUR CONVERSATION TO CONFIRM HE WILL LEAD ZAMBIAN ECONOMIC MISSION TO US IN SEARCH OF FINANCIAL ASSISTANCE TO HELP ZAMBIA BRIDGE ITS IMMEDIATE ECONOMIC CRISIS AND TO LAY GROUND FOR FUTURE DEVELOPMENT AND GROWTH. SAID CURRENT DIFFICULTIES NOT DUE TO MISMANAGEMENT OR MISGUIDED POLICIES BUT RATHER TO FACTORS OUTSIDE ZAMBIA'(ABILITY TO CONTROL: LOW COPPER PRICES, BLOCKED TRANSPORT ROUTES, AND HIGH OIL PRICES. WHILE ZAMBIAN ECONOMY IS BASICALLY SOUND, THERE IS AN IMMEDIATE AND SERIOUS PROBLEM OF DEPLETED FOREIGN EXCHANGE. MINISTRY PLANNING AND FINANCE WILL MAKE AVAILABLE TO EMBASSY THIS WEEK AN ANALYSIS OF THE CURRENT SITUATION AND ZAMBIA'S FINANCIAL REQUIREMENTS WHICH WE WILL IMMEDIATELY PASS TO WASHINGTON.
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2. MULEMBA, IN CAREFULLY REHEARSED PRESENTATION, ARGUED FOR WELL OVER ONE HOUR THAT THERE ARE STRONG PLITICAL, AS WELL AS ECONOMIC, GROUNDS FOR US GRANT ASSISTANCE. HE SAID ZAMBIA IS CONTINUING TO PAY ENORMOUS ECONOMIC PRICE FOR ITS EFFORTS TO PROMOTE PEACEFUL CHANGE IN SOUTHERN AFRICA. COUNTRY'S ABILITY TO CONTINUE ITS MODERATING ROLE AND INFLUENCE AND EXTEND THIS TO NEWLY INDEPENDENT NEIGHBORS DEPENDS ON A HEALTHY ZAMBIAN ECONOMY. MULEMBA LAID CONSIDERABLE STRESS ON ZAMBIA'S CONCERNS ABOUT SOVIET AMBITIONS AND PENETRATION IN ANGOLA, RHODESIA, AND MOZAMBIQUE. UNLESS WEST COUNTERS SOVIET INFLUENCE, ZAMBIA COULD BE UNWILLINGLY DRAGGED INTO REALIGNING ITS POLICIES TO CONFORM WITH THOSE OF ITS MORE RADICAL NEIGHBORS. MULEMBA IMPLIED NOT ALL GOING WELL IN ZAMBIA'S RELATIONS WITH TANZANIA AND MOZAMBIQUE.

3. FINALLY, AT CONCLUSION OF HIS PRESENTATION, MULEMBA ASKED IF I THOUGHT THREE-MAN ZAMBIAN ECONOMIC MISSION WOULD BE WELL RECEIVED AT THIS TIME, NOTWITHSTANDING ACKNOWLEDGED ECONOMIC PROBLEMS IN US AND CONGRESSIONAL RESTRAINTS ON AID. QUITE FRANKLY, I SAID, I WAS NOT RPT NOT OVERLY OPTIMISTIC, BUT ON BALANCE BELIEVED IT WOULD BE USEFUL FOR USG TO HAVE FROM TOP ZAMBIAN POLICY LEVEL A FULL AND CLEAR-CUT STATEMENT OF ZAMBIA'S ECONOMIC PROBLEMS AND PROPOSALS FOR BRIDGING GAP UNTIL WORLD ECONOMY IMPROVES AND COPPER PRICES PICK UP. SAID IT ALSO IMPORTANT FOR ZAMBIA TO HEAR FROM USG POLICY MAKERS THAT WE NOT UNSYMPATHETIC OR WITHOUT SUGGESTIONS FOR RELIEVING STRESSES AND STRAINS ON THIRD WORLD ECONOMIES, AS SECRETARY SAID IN HIS SPEECH AT 7TH UNGA SPECIAL SESSION. HOWEVER, I HAD TO BE CANDID IN SAYING THERE COULD BE POLITICAL OBSTACLES TO EASY RECEPTION OF ZAMBIAN APPEAL BECAUSE OF RECENT SPATE OF UNJUSTIFIED ANTI-US CRITICISM IN ZAMBIAN PRESS BUT MORE IMPORTANTLY BECAUSE OF HARSH, UNREASONABLE ATTACKS ON US AT UN ON KOREAN AND PUERTO RICAN ISSUES. SAID WHILE ZAMBIANS MIGHT SEE LITTLE CONNECTION BETWEEN THESE INTERNATIONAL POLITICAL ISSUES AND NEEDED RELIEF FOR THEIR DEPRESSED ECONOMY (REFERENCE TO FONMIN BANDA'S VIEW) THERE WAS REAL LINK IN MINDS OF US POLICY MAKERS.

4. MULEMBA WAS VISBLY TAKEN ABACK WITH THIS PLAIN SPEAKING AND PROMPTLY SAID HE INTENDED TO TAKE A PERSONAL INTEREST IN THESE POLITICAL IRRITANTS IN OUR BILATERAL RELATIONS. I THANKED
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HIM FOR HIS INTEREST AND ASKED IF WE COULD BE PROVIDED WITH FACTS AND FIGURES ON ZAMBIA'S ECONOMIC SITUATION. MULEMBA EXPECTS HAVE THESE BY NOV 4.

5. MULEMBA SAID HE HOPED ALSO TO GIVE US PROPOSED AGENDA AND SPECIFIC DATES MISSION WOULD BE IN WASHINGTON, PROBABLY WEEK OF NOV. 24, FOLLOWING LIMA CIPEC MEETING.
WILKOWSKI

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, ECONOMIC GROWTH, COMMITTEES, DIPLOMATIC DISCUSSIONS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LUSAKA02142
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750381-0142
From: LUSAKA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751181/aaaacuji.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 LUSAKA 2123
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUL 2003 by ShawDG>; APPROVED <05 NOV 2003 by RowellE0>
Review Markings:

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US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ZAMBIAN ECONOMIC MISSION TO US
TAGS: EFIN, EGEN, ZA, (MULEMBA, HUMPHREY)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006